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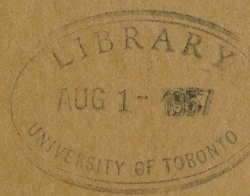
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PROPOSED ALTERATIONS
to
TARIFFS ON RAW MATERIALS FOR STEEL MAKING
AND ON
IRON AND STEEL PRODUCTS
submitted by the
DOMINION FOUNDRIES & STEEL LIMITED
to
THE ADVISORY BOARD ON TARIFF AND TAXATION
FOR CONSIDERATION
for Consideration at a Hearing
to be held at
OTTAWA, NOVEMBER 27TH,
1928



To

THE HON. JAMES A. ROBB,
MINISTER OF FINANCE,
DOMINION OF CANADA.

MR. W. H. MOORE, CHAIRMAN,

AND

MEMBERS OF THE ADVISORY BOARD

ON

TARIFF AND TAXATION,

OTTAWA, ONTARIO.

DOMINION FOUNDRIES & STEEL
LIMITED
HAMILTON, ONTARIO
CANADA

Thursday, November 1st, 1928.

Mr. W. H. Moore, Chairman,
and Members of the Advisory Board on Tariff and Taxation,
Ottawa, Canada.

Gentlemen:

We submit our Brief covering an application for a revision of the
Tariff for the safeguarding of our industry and stabilizing employ-
ment.

The charge of material for steel making is as follows:

PROCESS NO. 1
ORE WITH IRON AND STEEL SCRAP.

PROCESS NO. 2
IRON AND STEEL SCRAP WITH PIG IRON.

PROCESS NO. 3
IRON AND STEEL SCRAP MELTED ELECTRICALLY.

Tariffs should be *equally favorable* to all Processes of melting and
making rolled steel, therefore the steel tariff dividing line between
duty free raw material and dutiable finished steel should be at the
point of "metal in the ladle". We should carefully avoid increasing
cost of metal in the ladle by tariffs.

The process of melting steel in the Open Hearth from a charge
of scrap with pig iron is very extensively used and produces millions

of tons annually in North America. The largest plate mill in the world and many other rolling mills for shapes and plate steels are so equipped for the melting of steel.

The art of melting steel electrically has advanced materially—during the past ten years production has increased from practically nothing to about 1,000,000 tons annually in the United States, and it is sound economics to foster this method of steel making which is basic to Canada as a result of the development of electric energy and available Steel Scrap.

The use of alloy steels is advancing tremendously and the electric process is a preferred method of melting for Alloy steel work. Canada also produces many of the Alloys and this modern development should be carefully sponsored in Canada.

All melting processes have the “direct” feature of rolling hot ingots into finished steel.

The remelting of iron and steel scrap regained from the huge tonnages of iron and steel heretofore made and discarded constitutes a very large and important steel manufacturing base.


Should the Canadian tariff recognize pig iron and steel scrap as a base material for steel manufacture by process No. 2 and 3 as well as iron ore and steel scrap, process No. 1, then the steel industry becomes much more basic to Canada than at present.

We apply for a revision of the following tariff items.

Respectfully submitted,

DOMINION FOUNDRIES AND STEEL LIMITED,

C. W. Sherman,
President.



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Read into Coal Record.

BITUMINOUS COAL

We propose an Amendment to Schedule "B", Goods Subject to Drawback for Home Consumption.

Repeal Item 1066 as follows:

| Item | | Portion of duty (not including special or dumping duty) payable as drawback |
|------|---|---|
| 1066 | Bituminous Coal. When pulverized by proprietors of rolling mills for heating iron or steel for use only in the production of rolled iron or steel at their rolling mills. | 99 per cent. |

Substitute the following item:

| | | |
|------|---|--------------|
| 1066 | Bituminous Coal. When used by proprietors of rolling mills for melting or heating iron or steel, and for use only in the production of rolled iron or steel at their rolling mills. | 99 per cent. |
|------|---|--------------|

TARIFF
ITEM
588

BITUMINOUS COAL FOR STEEL MAKING

Applying General Tariff of 50c per ton.

ITEM 1019, Schedule "B", permits Bituminous Coal when used in coke ovens as a steel making fuel to enter under a 99% rebate. ITEM 1066, Schedule "B", permits Bituminous Coal when pulverized to be used as a steel making fuel under a 99% rebate.

The use of Bituminous Coal for steel making fuel should be covered by uniform tariff regardless of the Process, method of firing, or extraction of heat units from coal for steel making by any process.

We are favorably disposed to an equitable tariff that will develop the use of Canadian coal provided it is uniformly applied.

PIG IRON

We ask that a new Tariff Item be added as follows:

*See Algoma request
page 6 - increase
duty on pig iron.*

| Tariff Item | | British Preferential Tariff | Intermediate Tariff | General Tariff |
|-------------|---|-----------------------------|---------------------|----------------|
| 375-C | Iron in pigs, iron kentledge, and cast iron and steel scrap used for the manufacture of steel ingots by melting in open hearth or electric furnaces. | Free | Free | Free |
| 375 | Iron in pigs, iron kentledge, and cast scrap iron; ferrosilicon containing not more than fifteen per cent silicon; ferromanganese and spiegeleisen, containing not more than fifteen per cent manganese | \$1.50 | \$2.50 | \$2.50 |
| 375a | Ferrosilicon containing more than fifteen per cent silicon.....per ton | \$3.00 | \$4.50 | \$4.50 |
| 375b | Ferromanganese and spiegeleisen, containing more than fifteen per cent manganese..... | Free | Free | Free |

MAKING PIG IRON DUTIABLE AT \$2.50 PER TON

We have previously set out the three basic methods of steel manufacture, two of which use Pig Iron as a part of the base charge for steel making. We submit that Pig Iron for steel making should be duty free the same as ore and scrap steel for steel making.

Practically no iron ores are available in Canada for smelting into pig iron or making steel. Iron ores are imported from Newfoundland or the United States. Fuel for Central Canada Furnaces is also imported. Therefore, imports of two to four tons of material is necessary to make one ton of pig iron. The increased cost per ton of this assembly of material suggests burdensome tariff which might well be reduced by importing the one ton of pig iron.

Canadian steel makers using steel scrap and Pig iron for raw material should have access to the world's markets for their raw material without restricting tariff the same as the steel makers using ore and scrap have access to the world's markets for their raw material without restricting tariff.

THE CRUCIAL POINT OF COMPETITIVE STEEL MANUFACTURE IS THE COST OF "METAL IN THE LADLE" AND NOT BLAST FURNACE OPERATION. ANY TARIFF ITEM OR ECONOMIC CONDITION, OR PLANT LOCATION, THAT TENDS TO INCREASE THIS COST UNDER ANY PROCESS SHOULD BE CAREFULLY AVOIDED.

The average price of Pig Iron in Hamilton is \$22.10 to-day, or \$17.00 f.o.b. Buffalo, plus \$2.80 duty, plus \$2.80 freight, less 50c for good price measure. Our competition in Buffalo is using \$17.00 Pig Iron, or a difference of \$5.10 per ton, which handicaps our competition in producing Canadian Made Steel.

Millions of tons of steel is annually produced by Processes No. 2 and No. 3 in the United States in competition with Process No. 1, and relatively more scrap should be available in Canada because we can recover scrap from imported steel used and discarded as well as

from the steel made in Canada. We also know that most of the largest steel producers in the world made their start by converting scrap into saleable steel, and this process should be encouraged in Canada.

In purchasing raw material we are in competition with all Canadian Steel Makers manufacturing bars, shapes, rails, etc., having a tariff of \$7.00 per ton. We manufacture plates having a tariff of \$3.00 per ton. It will be readily seen that under existing tariff the one class of Canadian Steel Makers operating under a \$7.00 tariff is enabled to pay \$4.00 more per ton for Scrap or Pig Iron than the other Canadian Steel Makers operating under a \$3.00 tariff before sustaining a loss on operations. The remedy we suggest for this in other parts of this Brief is an equalized tariff on the finished products of plates, bars, shapes, rails, etc.

We ask duty free raw materials for the purpose of making our cost of "metal in the ladle" comparative and competitive.

Tariff conditions should enable steel to be manufactured in Canada in the vicinity of consuming centers such as St. John, Montreal, Hamilton, Winnipeg, Calgary, and Vancouver, thus spreading this industry across the continent. There is room for increasing the production of this great industrial base or steel. We in Canada hear about tonnages of steel made in Buffalo, Chicago, Detroit and Pittsburgh, but nothing much is said of the large tonnages made in Philadelphia, Coatsville, Cincinnati, St. Louis, Kansas City, Los Angeles, Seattle and many other places by Processes No. 2 and No. 3. Tariffs should foster similar developments in Canada.

OUR PLANT IS USING HAMILTON BY-PRODUCT COKE OVEN GAS, ONTARIO HYDRO ELECTRIC POWER, CANADIAN IRON AND STEEL SCRAP, AND THIS RESULTS IN A MOST INTERESTING STEEL MAKING DEVELOPMENT QUITE BASIC TO CANADA WITHOUT BLAST FURNACES. There has been so much talk about Blast Furnace operations in Canada that the impression is abroad that steel cannot be produced without blast furnaces. On the other hand we say that there are many very large steel manufacturers producing

steel as we do without Blast Furnaces, and such plants prefer to eliminate the production of pig iron from their process.

We are of the opinion that the removal of tariff from Pig Iron for Steel Making and the placing of compensating tariffs on more highly finished steel will increase the production of Pig Iron in Canada as a part of steel making operations, therefore, no harm results. Should it be shown at these hearings that any request we have made toward lowering the cost of "metal in the ladle" is harmful to others we are prepared to modify our tariff requests.

FINISHED STEEL

We now come to the most important requests in our Brief, viz: Tariff on Universal Plate, Sheared Plate, Wide Skelp and Forging Billets and Blooms.

The tariff we ask is not protective but competitive tariff and we ask no change whatever in the tariff on agricultural steel, or other steels entering into duty free products.

Imports. 1. Flat eye-bar blanks not punched or drilled etc. Tons 3 258 37
2. Steel plate, universal mill or rolled edge plates of \$ 134,657 1433
steel over 12 inches in width etc. all from U.S. 636,586 694,477
U.S. 1927 cwt. 692,813 - \$ 1,332,625 1,238,434 1,234,766

UNIVERSAL OR ROLLED EDGE PLATE

We ask that Tariff Item 379-A, quoted as follows:

| Tariff Item | | British Preferential Tariff | Intermediate Tariff | General Tariff |
|-------------|--|-----------------------------|---------------------|----------------|
| 379-A | Flat eye bar blanks, not punched nor drilled, and universal mill or rolled edge plates of steel over 12 inches wide for use exclusively in the manufacture of bridges or of steel structural work, or in car construction. Per ton | \$2.00 | \$2.75 | \$3.00 |

Be amended to read as follows:

| | | | | |
|-------|---|--------|--------|--------|
| 379-A | Flat eye bar blanks, not punched nor drilled, and universal mill or rolled edge plates of steel. Per ton. . | \$4.25 | \$6.00 | \$7.00 |
|-------|---|--------|--------|--------|

Item 381. *cur* 1085,512 1,147,451
 gl 2,066,542 2,203,760
 U.S. 1927 *cur* 1029,847 - \$ 2,036,566 -

382 *cur* 816,954 729,279
 \$ 1,852,339 1,579,569
 U.S. 1927 *cur* 622,645 \$ 1,411,265 -
 ROLLED IRON AND STEEL PLATES

We ask that Tariff Item 381 as follows, be repealed

| Tariff Item | | British Preferential Tariff | Intermediate Tariff | General Tariff |
|-------------|--|-----------------------------|---------------------|----------------|
| 381 | Rolled iron or steel plates, not less than thirty inches in width and not less than one-quarter of an inch in thickness, n.o.p., . . . Per ton | \$2.00 | \$2.75 | \$3.00 |

We ask that Tariff Item 382 be clarified as follows:

| | | | | |
|-----|---|--------|--------|--------|
| 382 | Rolled iron or steel sheets or plates, sheared or unsheared, and skelp iron or steel, sheared or rolled in grooves, or <i>universally rolled</i> , n.o.p. Per ton | \$4.25 | \$6.00 | \$7.00 |
|-----|---|--------|--------|--------|

(present rates)
which will cover 381 now.

383 *conf* 2,220,693 2195,592
 21 4,450,006 4210,820
 U.S. 1927 *conf* 2,065,508 ~~4~~ 3,932,582.

SKELP IRON OR STEEL

We ask that Tariff Item 383, quoted as follows:

*Disco codes applied
 this item. see
 since p. 23.*

| Tariff Item | | British Preferential Tariff | Intermediate Tariff | General Tariff |
|-------------|--|-----------------------------|---------------------|----------------|
| 383 | Skelp iron or steel, sheared or rolled in grooves, when imported by manufacturers of wrought iron or steel pipe for use only in the manufacture of wrought iron or steel pipe in their own factories . | 5% | 5% | 5% |

Be amended to read as follows:

| | | | | |
|-----|---|----|----|----|
| 383 | Skelp iron or steel, sheared or rolled in grooves, or Universally rolled, when imported by manufacturers of wrought iron and steel pipe and used only in the manufacture of wrought iron and steel pipe in their own factories, and of a width under 14 inches. | 5% | 5% | 5% |
|-----|---|----|----|----|

Exports.

Total Billets, ingots
and blooms of iron and
steel

Tons

1,975

1,254

1,138

58,992

31,092

26,658

Production

Blooms, Billets & Slabs

536,603

Long

Tons,

888,296

984,627

iron or steel ingots,
cogged ingots, blooms,
slabs, puddled bars, and
loops or other forms, n.o.p.,
less finished than iron
or steel bars, but more
advanced than pig iron,
except castings

Imports:

| | | | |
|------|--------|---------|---------|
| Cwt. | 23,634 | 37,569 | 54,395 |
| \$ | 92,044 | 149,672 | 202,642 |

Iron or steel billets weighing not less than 60 lbs per lineal yard. **BILLETS, BLOOMS AND SLABS**

| | | | |
|-----|---------|---------|---------|
| Cwt | 265,589 | 281,172 | 335,510 |
| \$ | 369,679 | 444,448 | 454,431 |

| | | | | | |
|----------------------|-----|-------|-------|-----|-------------|
| Steel Billets n.o.p. | Cwt | 524 | 662 | 450 | = 25,374.25 |
| | \$ | 1,484 | 1,110 | 871 | |

| Tariff Item | | Preferential Tariff | Intermediate Tariff | General Tariff |
|-------------|---|---------------------|---------------------|----------------|
| 376 | Iron or steel billets, weighing not less than sixty pounds per lineal yard; ingots, cogged ingots, blooms, slabs, puddled bars, and loops or other forms, n.o.p., less finished than iron or steel bars but more advanced than pig iron, except castings. Per ton | \$1.50 | \$2.25 | \$2.50 |

*Dino adds
new rate on 376
\$3.00 \$5.00 \$5.00
\$3.00 \$4.50 \$5.00
page 7.*

We ask that the following Tariff Item be added:

| | | | | |
|------|---|--------|--------|--------|
| 376A | Steel blooms, slabs and billets, including Universal Mill Rollings, weighing over 165 pounds per lineal yard. When used in the manufacture of forgings, fabrications, or machinery. Per ton . . | \$3.00 | \$4.50 | \$5.00 |
|------|---|--------|--------|--------|

DUMPING ACT

The ruling under the anti-dumping laws of Canada permitting Foreign mills to deduct five per cent. from the Fair Market Value for Home Consumption when quoting buyers in Canada, [excepting rods] is a serious item against Made in Canada steel plate on account of the small margin between cost and selling price.

The choicest tonnage of export steel business in the world is flat steel such as plates, skelp, sheets, etc., from the United States to Canada amounting to approximately 347,347 tons during the fiscal year ending March 31, 1928. American Manufacturers exporting are not going to lose this trade to Canadian competition without sacrificing the fair market value to the full extent of our tariff laws.

In effect this five per cent. reduces the tariff applied about \$2.00 per ton, and there is little use in putting certain tariffs on steel and removing large percentages of such tariff by concessions in valuations. In the case of skelp the five per cent. offsets the five per cent. tariff.

We direct attention to the delivery of steel by boat from United States Ports to Canadian Ports offsetting tariffs and part of our freight protection. Under this plan of delivery steel manufacturers are carriers with their own boats and the delivered price in Canada can ignore freights which are a measure of protection, and the 5% clause becomes more serious.

The producers of steel in the United States appear to have a policy of selling for higher prices in the United States than in Canada. Should this five per cent. clause be removed such selling would come under the Dumping Act.

We ask that the five per cent. concession be abolished in favor of fair market values for home consumption.

SUMMARY

The tariffs we ask are specific and low, and apply to articles further manufactured under tariff of 27½ to 35 per cent. ad valorem. We ask buyers of steel to carefully analyze this effect before filing objections to tariff requests. No change we ask affects agricultural implements or automobiles.

The tariff increase we ask, will not amount to 1 per cent. of selling price of finished articles using our steel excepting pipe and forgings, and the amount asked on any item should not be burdensome to buyers of our product without compensating tariff, and without increase in cost to the ultimate consumer.

Ad valorem duties of 30% on finished articles using steel under a specific tariff rate of \$7.00 per ton give manufacturers a tariff advantage of approximately \$6.00 per ton on steel used.

We are prepared to submit further argument for our tariff request should same be necessary.

Drawbacks, if any, on plate over 66 inches wide [which is the capacity of our rolls] and not rolled in Canada should be limited to such widths of plate as are actually used in construction. Buying wide plates under a drawback and shearing to narrower widths should not be allowed.

We will provide longer rolling equipment for wider widths as soon as a market for 50,000 tons annually of the wider widths can be developed in Canada.

We emphasize the trade position of our Canadian Steel Plate industry under existing tariff:

- 1st. — We have a duty of only \$3.00 per ton on Universal and Sheared plate, and \$2.50 on Universal rolled forging blooms, which is not sufficient.
- 2nd. — The 5 per cent. off the value of steel plate and forging blooms before the Dumping Act becomes effective in effect reduces our tariff about \$2.00, leaving \$1.00 per ton tariff on steel plate and forging blooms, and makes wide skelp duty free.

- 3rd. —\$3.00 per ton tariff on any Made in Canada steel as compared with \$7.00 per ton tariff on other Made in Canada steel enables the \$7.00 manufacturer to pay \$4.00 per ton more for his raw material. Tariffs should recognize that Canadian competition in steel making exists and be equitable to all.
- 4th. —Tariffs on raw material increase the cost of “metal in the ladle” by Processes No. 2 and No. 3, in comparison with Process No. 1, thus being unequitable.
- 5th. —A reasonable tonnage volume is necessary for low costs. Canadian Steel Plate markets are so open to competition of United States manufacturers that they can decrease our volume to such an extent as to greatly increase our costs.

The remedy is proper raw material tariff removals in recognition of the fact that increased production of steel in Canada depends on the low cost of “steel in the ladle”. This combined with proper tariffs applied to all finished steels which can be made in Canada will make this basic industry function properly in Canada regardless of process used for Steel Making.

In conclusion we say Tariffs are playing an important part in the internal and export trade of all countries. Employment is being stabilized and increased by the aid of tariffs. Depressed conditions in most any line of business are being corrected with tariffs. Our tariff board functions well with hearings of tariff applications and rebuttals. We are hopeful that any tariff legislation will provide ways and means of quickly acting on their findings. Thus enabling applicants to carry on or change their plans without long delays.

